

## *CITIZENS' TASK FORCE ON CHARGERS ISSUES*

September 25, 2002

Mr. Mark Fabiani  
Special Counsel to San Diego Chargers  
1261 Prospect Street, Suite 9  
La Jolla, CA 92037

Dear Mr. Fabiani:

We are aware of the letter you received from the Finance Committee of the Citizens' Task Force on Chargers Issues. However, the Contracts Committee has an additional request, narrower in scope, but very important, which it would also like to make at this time.

In analyzing whether the so-called "trigger" in the contract between the City and the Chargers is likely to be met this year or anytime soon, we need the following information, as of Dec. 1, 2001, as of the present date, and an estimate as of Dec. 1, 2002:

- (1) the actual "Team Salary" (as such term is defined in Article XXIV, Section 6 of the 1993 CBA except as calculated on a cash basis) of the Chargers for such year;
- (2) the total actual benefit payments provided by the Chargers to its players for such year;
- (3) the total actual benefit payments provided by the NFL to the Chargers' players for such year;
- (4) the "Team Salary Cap" for such year, which is defined as, "for any year, on a cash basis, 75% of the Defined Gross Revenues for such year, divided by the number of teams playing in the NFL during such year."

"Defined Gross Revenues" shall mean the aggregate revenues received or to be received on an accrual basis, for or with respect to any 'League Year' (as such term is defined in Article I, Section 1 of the 1993 CBA), during the term of this Agreement by the NFL and all NFL Teams (and their designees), from the following sources only: (i) regular season, pre-season, and post-season gate receipts (net of admission taxes, and surcharges paid to a stadium or municipal authorities which are deducted for purposes of calculating gate receipts subject to revenue sharing), including ticket revenue from 'luxury boxes,' suites and premium seating subject to gate receipt sharing among NFL Teams; and (ii) proceeds from the sale, license, or other conveyance of the right to broadcast for exhibit NFL pre-season, regular season, and play-off games on network and national cable television (which by way of example only, would currently include all revenues generated from NFL television contracts with FOX, NBC, ABC, TNT and

ESPN). For the purposes of this Agreement only, Defined Gross Revenues does not include any proceeds from the sale, license, or

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conveyance of the right to broadcast or exhibit NFL pre-seasons, regular seasons, and play-off games to and on any other source, including, without limitation, local television, pay television, satellite encryption, international broadcasts, radio, or any other means of distribution.

Thank you in advance for a prompt response to this important inquiry. We believe you can respond to this request within two weeks.

Sincerely yours,

LEONARD B. SIMON  
Contracts Committee Chairperson

DAVID E. WATSON  
Task Force Chairperson

cc: Dean Spanos, San Diego Chargers